

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN)	
)	
THE CITY OF AMES, IOWA (UTILITY)	
DIVISION),)	
)	Hugh J. Perry, Arbitrator
PUBLIC EMPLOYER,)	
AND)	
)	Award issued: April 19, 2011
INTERNATIONAL BROTHERHOOD OF)	
ELECTRICAL WORKERS LOCAL NO. 55,)	
)	
EMPLOYEE ORGANIZATION.)	

APPEARANCES:

For City of Ames, Kristine Stone, Assistant City Attorney
For IBEW Local #55: Mike Amash, Attorney

BACKGROUND

The City of Ames is a community of some 50,000 located in Central Iowa. It is home to Iowa State University one of three major public universities in the state. Ames has 614 full time employees. The City has its own electrical generating (a coal fired power plant) and distribution facilities. It serves 24,000 customers, residential, commercial and industrial. ISU has its own power plant. There are 82 employees in the City's electric utility including 22 in distribution which is this bargaining unit. IBEW Local #55 represents these employees consisting of 3 electric line foremen, 6 electric line workers, 1 apprentice electric line worker, 1 substation foreman, 2 substation electricians, 1 substation electrician apprentice, 3 electric service workers, 1 records and materials assistant, 1 storekeeper, 2 electric meter repair workers and 1 electrical engineering assistant. Local 55 has represented these employees since 1975. The current contract runs from July 1, 2010 to June 30, 2011. This bargaining year the parties have resolved all impasse issues for the new contract for the period July 1, 2011 - June 30, 2012 except for **Wages**. There are four other bargaining units in the City, Blue Collar, Police, Fire and Power Plant. At the time of this hearing all had settled except the Fire unit which was awaiting an arbitration award. A hearing was held at the Ames City Hall on April 4, 2011. Following the submission of written exhibits and oral arguments, the hearing was closed on that date. The parties have agreed to extend the impasse time lines to allow for completion of arbitration. This award is to be issued no later than April 19, 2011. In making this award, I have considered the criteria contained in Section 20.22(9) of the Iowa Public Employment Relations Act. After considering this criteria in light of the facts of this case, I am obligated to select the proposal

of the party on the impasse issue which I deem the most reasonable.

IMPASSE ISSUES

The Impasse Issue before the Arbitrator is : **Wages** for the contract July 1, 2011 to June 30, 2012 (across the board increase).

PROPOSALS OF THE PARTIES

CITY PROPOSAL:

Wages: A 2.25% wage increase.

UNION PROPOSAL:

Wages: A 2.75% wage increase.

WAGES - CURRENT CONTRACT

Currently, these employees wages are as follows:

Storekeeper \$19.23/hour
Records and Materials Assistant 24.43/hour
Substation Electrician Assistant 27.35/hour
Underground Electric Serviceworker 26.06/hour
Groundswoker 23.97/hour
Truck Driver/Groundswoker 26.06/hour
Electric Serviceworker 28.00/hour
Electric Lineworker 32.26/hour
Substation Electrician 32.26/hour
Electric Line Foreman 34.18/hour
Electric Meter Repair Worker 27.81/hour
Electrical Engineering Assistant 26.64/hour
Electrical Engineering Technician 34.73/hour
Substation Foreman 34.18/hour
Apprentice Substation Electrician 20.97 to 29.03/hour
Apprentice Electric Meter Repair Worker 20.84 to 25.02/hour

The employees work a 2080 hour year, straight time. Their wages can be annualized by taking their hourly rate times this figure. The Apprentice workers work through a progression of classifications based on journeyman rates. This wage structure is not at issue but only the across the board wage increase effective July 1, 2011. Last year these employees received a 2.5% wage increase.

The wage increases for these employees have averaged 3.43% for the last ten years.

The Ames electric utility is under the supervision of the city council and managed by a director and his staff. Its source of revenue is based on rates charged its customers for electric usage. Last year the council raised its rates by 5%. This year there will be no rate increase. The electric utility has a budget of \$52 million. The wages and benefits of these employees cost \$3 million.

ARGUMENTS OF THE PARTIES

The City argues that a 2.25% wage adjustment is reasonable this bargaining year. For comparisons, the City uses the Iowa cities of Cedar Falls and Muscatine, both with their own electrical generating and distribution systems. The City notes that Cedar Falls has settled with its workers for a 2.5% increase July 1, 2011 and that Muscatine will not raise its employees wages on July 1st but will increase them by 2.5% on January 1, 2112. The City urges that its offer of 2.25% effective July 1st is right in line with these increases. Currently lineworkers wages in Ames are \$32.26/hour in Cedar Falls they receive \$32.51/hour and in Muscatine \$31.69/hour. After January 1, 2012, assuming a 2.25% increase here, these workers would be paid \$32.99/hour in Ames, \$33.32/hour in Cedar Falls and \$32.48/hour in Muscatine. The City notes that Ames employees, unlike those in Cedar Falls or Muscatine also receive longevity pay of up to \$.39/hour after 30 years of service. Factoring in this pay (\$.29/hour at 30 years), after January 1, 2012 the City notes that lineworkers in Ames will make \$33.28/hour, Cedar Falls lineworkers will receive \$33.32/hour and those in Muscatine \$32.48/hour. The City does not contend that it can't afford the Union asking but that it must consider expenses in all areas of its electrical operations, including this bargaining unit. The City notes that it strives to keep its electric rates competitive with other electric providers in order to attract business and industry to the community. Currently its residential rates run 10% below average, its commercial rates are slightly above average and its industrial rates are 10% above average. The City notes that Iowa State University, its largest employer, has undergone substantial budget cuts and diminished state aid in recent years. The City notes that while its electric utility does have a healthy fund balance, it has scheduled \$30 million in capital improvements. These have been delayed due to delays in permitting and project approval. Once these project commence, much of the fund balance will be spent. The City costs a 2.25% increase at \$22,734 without roll ups. The total package cost is \$77,399 or 3.89%. It costs the Union's asking at a total package of \$85,320 or 4.27%. The City notes that it has settled wages to take effect July 1st with its other bargaining units as follows: Power Plant/Generation(38 employees), 2.25%, Blue Collar (122 employees), 2.25%, Police (51 employees) a 2 year agreement 2.5% July 1, 2011 and 2.25% July 1, 2012. The Fire Employees have engaged arbitration. It contends that a 2.25% wage increase here is more consistent with these settlements than a 2.75% increase. The City introduced cost of living data indicating that cumulative wage increases for these employees since 1990 has exceeded the cost of living increases (CPI-W) over this period by 38.20%. The City notes that during bargaining it attempted to move to a 4 tier Drug provision (currently 2 tier) with all employees and was successful in moving all employees to a three tier drug provision. The drug plan savings attributable to this unit amounted to only \$586. The City noted that it made some modest concessions during bargaining on an enhanced work boot benefit and for paying lead workers working out of class.

The **Union** notes that its 2.75% wage proposal is more in line with the bargaining history of this unit than the City's 2.25% offer which is really unprecedented. The City has a fund balance of some \$32 million. This utility is on sound financial footing with relatively low electrical rates. The City shouldn't be permitted to take advantage of the overall economic climate to achieve a lower than justified wage adjustment here. A 2.25% wage offer is outside the normal settlements for this bargaining unit (3.5%). Ames, the home of Iowa State University, has a higher cost of living than Muscatine or Cedar Falls, yet Cedar Falls workers are paid more than those in this community. The Union has already made concessions with regard to its pharmaceutical benefit. Also, the CPI for the period through February 2011 shows a trend of increases which could eat up a 2.25% or even a 2.75% increase. What the City has settled for with other City employees is not relevant to the settlement here. A previous Fact-finder has so stated. These employees should be compared to other public employees in Iowa who do comparable work, not with other Ames employees who do different work, operate under different budgets and have different skills and job requirements. The proposal of the Union is modest and will not cause the City any economic hardship. It is more in line with the bargaining history of these employees and will allow them to retain their relative wage position vis-a-vis their counterparts in Muscatine and Cedar Falls.

DISCUSSION

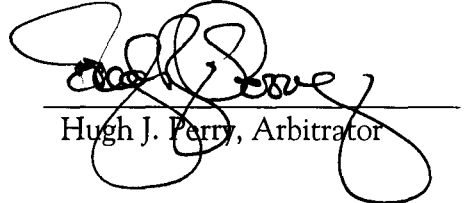
The data indicates that Cedar Falls will increase wages by 2.5% for July 1 and that Muscatine will increase wages by 2.5% January 1. This would make an average payout of just under 2% although the base wages of these employees will increase by 2.5%. I don't agree with the Union contention that settlements among other City bargaining units are irrelevant to this dispute. Although properly not given as much weight as settlements of other public employees doing comparable work, these settlements may fairly be considered here as among other relevant factors. A unit that consistently achieves more through arbitration than others which have voluntarily settled for less could dissuade such voluntary settlements. The City has a valid interest in attempting to achieve some consistency in settlements with its bargaining units. The data submitted does not convince me that the cost of living in Ames is substantially different from that in Cedar Falls, also home to a major state university. While the Union did give a bit on the pharmaceutical benefit, it was not all the City was asking and the cost to this Unit will be relatively small. These employees made modest gains in other benefit areas. The increase in the cost of living has been relatively low in the recent years. Measured against the 3.5% wage increases that these employees have historically enjoyed, a 2.25% wage increase or, for that matter, a 2.75% increase, is low. But those were settlements achieved in better economic times with higher cost of living increases. Settlements this bargaining year and last are at historic lows. A 2.25% increase is consistent with settlements achieved in the other two Iowa cities with similar electrical plants and employees doing comparable work. It is consistent with settlements achieved by the other bargaining units in this City. It will maintain these employees relative positions when compared to workers in Cedar Falls and Muscatine. The City can fund the Union's wage asking without stretching its finances or raising its electric rates. However, just because it can afford to pay more, does not require that it do so based upon the criteria by which I must measure the reasonableness of each parties' position. I conclude that the City's offer

is the most reasonable wage proposal before me and should be awarded.

AWARD

WAGES: The proposal of the City is awarded, a 2.25% wage increase July 1, 2011.

Signed this 19th day of April, 2011



Hugh J. Perry, Arbitrator

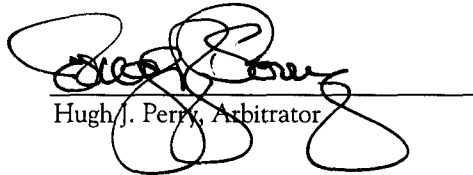
CERTIFICATE OF SERVICE

I certify that on the 19th day of April, 2011, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Kristine Stone
Assistant City Attorney
515 Clark Ave.
P.O. Box 811
Ames, IA 50010

Michael E. Amash
Attorney At Law
753 State Avenue
Suite 475
Kansas City, KS 66101

I further certify that on the 19th day of April, 2011, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319.



Hugh J. Perry, Arbitrator